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PROGRAMME PLANNING: COUNTRY AND INTERCOUNTRY PROGRAMMES AND PROJECTS

FIFTH COUNTRY PROGRAMME FOR MALAYSIA

Note by the Administrator

I. PREPARATORY PROCESS

1. The fifth country programme for Malaysia, covering the period 1992-1996, follows an extensive preparatory process which comprised in-depth discussions between the Government and the United Nations Development Programme (UNDP) based on the sixth Malaysia plan (1991-1995) and the advisory note. In addition, the main findings of the mid-term review of the fourth country programme were taken into account in formulating the fifth country programme. Consultations were held not only with Government officials, but also with a number of United Nations agencies, in order to identify a common ground for joint or complementary interventions in key areas of national capacity-building. Through the Economic Planning Unit in the Prime Minister's Department - the Government's coordinating agency for technical cooperation - efforts were made to advance programme complementation with those provided by other multilateral and bilateral aid organizations. All these led to the formulation of the fifth country programme around three thematic areas encompassing five programme interventions.

II. ANALYTICAL COMMENTARY ON THE COUNTRY PROGRAMME

2. Since independence in 1957, Malaysia has achieved remarkable progress in transforming the economy and raising the standard of living of its people through a series of five-year development plans. With the launching of the sixth plan in 1991, Malaysia is preparing for another period of sustained

social and economic development in the 1990s. To facilitate the process of economic modernization and to help ensure a balanced development with a high growth momentum, UNDP assistance and its relatively modest financial resources will focus on three themes: human skills for the 1990s; technology for the 1990s; and management of the environment in the 1990s.

3. The Malaysian economy is now faced, however, with a number of serious constraints to continued rapid growth. Chief among them is the growing shortage of skilled manpower in critical areas of the economy. This includes the export-oriented manufacturing sector, which accounted for almost 60 per cent of the total export value in 1990. To remain internationally competitive, Malaysia needs to change the structure of its industry towards more technologically sophisticated and better quality products geared for markets in the developed countries. To bring this about, it is essential that policies continue to aim at encouraging the private sector - the engine of growth - to diversify the industrial base, promote industrial restructuring and modernization, especially among small and medium-scale industries, and raise the standards of manufacturing towards higher levels of innovation in production, design and marketing. As a corollary to this, increased efforts will be made to improve domestic research and development, currently about 0.8 per cent of the gross domestic product, in order to assimilate and adapt new technologies from abroad, as well as to develop indigenous technology and move increasingly into high technology areas.

4. Another central issue which will have continuing influence during the 1990s is the impact of direct foreign investment on the economy. In the short term, this has led to a widening deficit in the country's current account due to the rapid increase in the importation of capital and intermediate goods required by the foreign-led investment ventures. This underscores the importance given by the Government to the role of the private sector in development and the critical need to establish a network of small and medium-scale industries for the manufacturing of less sophisticated, intermediate and capital goods in order to reduce the import bill. Linked to this is the shortage of qualified labour in the manufacturing sector, which will be addressed jointly by the public and private sectors with external assistance, as appropriate.

5. Hence, the country programme will focus on the development of human skills as one of its main themes. Two programme interventions are envisaged: formulation of medium and long-term policies; and implementation of policies which are of critical importance in the short term. These programmes will be supported by three initiatives, namely: formal education; training of new entrants into the work force and; re-education of the current labour force.

6. Similarly, given the low level of technology application and inadequate importance accorded to indigenous research and development in the country's industrial development, two programme interventions will focus on improving the conditions for increased participation of the private sector in technology acquisition, adaptation and usage. One programme is directed at policy measures concerning technical extension services, industrial promotion and

incentives, and the encouragement of public/private sector linkages. The other programme will concentrate on key areas of information technology, advanced materials technology and electronics.

7. Malaysia continues to be highly conscious of, and to address environmental issues, as environmental management and protection becomes increasingly an integral part of the development process. Under the fifth country programme, UNDP assistance will be used in supplementing the Government's ongoing work on environmental impact assessment and environmental quality enhancement and management. UNDP assistance will also be required in devising procedures and analytical tools to ensure that environmental considerations are taken into account at all stages of policy-making. Accordingly, environmental management and sustainable resource use will transcend all programmes of UNDP intervention.

8. The fifth country programme is consistent with the programme focus advocated by the Governing Council in its decision 90/34. In addition to UNDP advocacy of technical cooperation among developing countries, and adaptation of technology for development and the environment, the full involvement of women as participants and beneficiaries in development will also be actively promoted. The formulation of the National Policy for Women in 1989 reflects the Government's commitment towards optimizing the potential of women in the social and economic development of the nation. Moreover, although the incidence of human immune deficiency virus and acquired immune deficiency syndrome (HIV/AIDS) is very low, the Government has initiated strong measures for its prevention such as the introduction of AIDS education in secondary schools and a nation-wide media campaign.

III. MANAGEMENT OF PROGRAMME IMPLEMENTATION

9. The fifth country programme will be reviewed annually and at mid-point in order to assess the priorities of the programme, as a whole, and its constituent parts in relation to the prevailing economic situation. The 10 per cent programme reserve will allow some flexibility, within the overall thematic thrusts, to address emerging needs and priorities.

10. In the implementation of the country programme, its approach will be used to link themes and areas of concentration closely with the sixth Malaysia plan. To ensure greater focus and internal consistency, the programme will consist of a smaller number, but sizable programme-oriented interventions, aimed at maximizing the specific comparative advantages of UNDP in these areas, and taking into account Malaysia's distinct technical cooperation needs and requirements. Particular attention will also be given to establishing success and performance indicators, which will serve as clear guideposts in pursuing programme goals and objectives, as well as measurements of actual results achieved.

11. Although national execution is expected to be an increasingly dominant implementation modality, United Nations specialized agencies will be called upon to perform a cooperative and advisory role within the framework of the new agency support-cost arrangements. The capacity of the Government aid coordinating agency will be further enhanced, with UNDP assistance, particularly in the area of national execution. The growing trend in the use of national consultants and subcontractors is expected to continue, as well as the increasing importance given to national programme directors in programme management.

12. Programme quality will be accorded the highest priority through a planned process of programme/project formulation, monitoring and evaluation. The quarterly programme review meeting between the UNDP field office in Kuala Lumpur and the Economic Planning Unit will continue, thus providing an essential tool in the overall monitoring of implementation of the country programme. UNDP will continue efforts to obtain supplementary funding for programmes and projects from other donor agencies and from the Government itself. In this regard, it should be noted that more than 50 per cent of the financial resources to support the fifth country programme consist of Government cost-sharing. This is a clear indication of the Government's keen interest in and commitment to the programme.

IV. RECOMMENDATION

13. In sum, the fifth country programme for Malaysia is based on the national development strategies as embodied in the sixth Malaysia plan. It focuses on human resources development, on capacity-building in science and technology and on the management and protection of the environment in an effort to maximize programme impact and contribution to the country's development goals and objectives for the 1990s. The programme also addresses the global priority areas of focus as determined by the Governing Council for the fifth cycle.

14. The Administrator recommends that the Governing Council approve the fifth country programme for Malaysia.